14:International Bank S-5 (1954) 1955 MD1 Syria MD1

CHAPTER 4 *INDUSTRY*

433 Considering its size and general level of development, Syria already has a considerable manufacturing industry.[22] While Syria can hardly be called an "industrialized" country as yet, the growth of manufacturing during the last decade would undoubtedly have outpaced that of agriculture if certain special circumstances, such as the availability of idle land and a great demand for agricultural commodities, had not produced an equally rapid expansion of agricultural output. Most of the industrial production is for the home market, although in 1953 manufactures, particularly those of the textile industry, contributed about 15% of the country's exports.

Modern factory production in Syria is a relatively recent development. While a few textile factories and a cement plant were established before the last war, prewar manufacturing was predominantly handicraft. In certain branches, such as the weaving of brocades and the working of metals, Syrian artisans had established a world-wide reputation. However, methods of production and even volume of output in the handicraft industries had long been rather static and had even deteriorated somewhat under the impact of the competition of foreign machine-made goods.

The scarcity and high prices of foreign manufactures during the war and immediate postwar years greatly favored an expansion of Syrian industrial production. Many new factories were established. The abnormally high profits earned in commerce during these years caused merchants to turn to industry as an investment outlet for their surplus capital. Once the profitability of industry was demonstrated, additional capital was attracted. Many industrial enterprises reinvested a substantial portion of their profits in further expansion. The opportunities for profit also stimulated some influx of foreign capital, particularly from Lebanon. [473] Nearly all of the new enterprises took the form of joint stock companies. Although in each case a limited number of businessmen took the initiative in founding the company and retained the controlling interest, the fact that at least some of the stock ownership became rather widely dis-

[22] See Annex F, p. 357.